

Robert W. Seiden

Court-Appointed Temporary Receiver for Link Motion Inc.
Pursuant to The Honorable Judge Victor Marrero of the
United States District Court, Southern District of New York

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Hon. Victor Marrero
United States Courthouse
Southern District of New York
500 Pearl Street, Suite 1040
New York, New York 10007

August 26, 2020

REQUEST FOR THIS LETTER AND THE ATTACHED INVOICES TO BE MAINTAINED UNDER SEAL

Re: Interim Receiver Status Report and Fee Application of the Temporary Court-Appointed Receiver of Link Motion, Inc. (Wayne Baliga v. Link Motion Inc. et al. 1:18-cv-11642)

Dear Honorable Judge Marrero,

I write to you pursuant to your Honor's February 1, 2019 Order (the "Order") to provide an interim status report. Over the past few months my office has continued its pursuit of securing and maintaining assets of LKM inside the PRC, Hong Kong and the US, as well as actively participating in the Hong Kong arbitration proceedings with respect to the transfer of significant assets outside of the control of LKM. *This has been a difficult and challenging time due to COVID-19's impact in the jurisdictions in which the Receivership is working to implement the Court's mandate. Notwithstanding these impediments, the Receivership team has forged ahead and continues the difficult work of seeking to secure and maintain the assets of Link Motion, Inc. inside China, as well as fully participating in the Hong Kong arbitration proceedings and concluding what was a challenging but successful virtual trial. We are now engaged in extensive post trial briefing and expect a decision in the arbitration proceedings thereafter. We will keep the Court apprised and updated.* In addition, I respectfully request that your honor review and if acceptable, approve the invoices of the Receiver and his professionals.

Interim Status Report

Pursuant to Section 8 of your Honor's Order, set forth below is a summary of the key updates since the last-filed status report, filed on January 14, 2020.

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1. The Receiver continues to work with local and foreign counsel, including Kobre & Kim LLP, foreign legal counsel in Hong Kong as well as accounting firm KLC Corporate Advisory to assist him in his duties outside of the United States, including with the arbitration and a plethora of issues inside China and Hong Kong related to the asset transfers of LKM and legal issues raised therefrom. This includes correspondence from banks and Court inside China. The Receiver is also actively working with KSG Attorneys at Law in the Cayman Islands, as approved by the Court, to assist with securing and maintaining assets and with other issues related to corporate governance in the Cayman Islands. With the help of KSG, the Receiver and the US Court Order appointing the Receiver have now been formally recognized in the Cayman Islands by the Cayman Court.
2. The Receiver and his U.S. counsel filed a required form 6-K with the SEC reporting that the Receiver has, after conducting due diligence, appointed a new director of the Hong Kong subsidiary of Link Motion, Inc. as well as removed and replaced the Legal Representative of the wholly foreign-owned enterprise (“WFOE”) in the People’s Republic of China. This action will help to ensure the preservation of assets and value.

The Receiver and his legal team are working closely with Mr. Lilin Guo inside the PRC to secure and maintain assets of Link Motion, Inc. Mr. Guo is currently the legal representative of the WFOE entity inside the PRC. As the Court is aware, Mr. Guo has signed a convertible promissory note agreement with the Receivership. Through this loan facility, Mr. Guo is incurring costs on behalf of the Receivership inside the PRC to assist in the effort to secure and maintain assets of LKM. As the Court is aware, Mr. Guo elected to convert a portion of the loan to shares in LKM in accordance with the terms of the loan agreement. The share conversion has been approved by this Court and the Cayman Islands Court (with the able assistance of Cayman counsel KSG Law Firm) and the shares have been formally registered in the Cayman Islands by LKM’s registered agent Maples.

3. The Receiver, as Ordered by the Court, and upon strong advice of Hong Kong counsel, is actively participating in the arbitration proceedings in Hong Kong where the Company is a party. The arbitration tribunal issued its Procedural Order, which sets out the procedural timetable for the proceeding. The governing law in the arbitration proceeding is New York law. Amiad Kushner, Esq. of Seiden Law Group LLP, along with support staff, is leading the arbitration litigation on behalf of the Receiver. Counsel for the Receiver has submitted and filed a statement of Defense and Counterclaims on behalf of Link Motion, Inc., which included legal authorities, briefing and testimonial evidence in support of Link Motion, Inc.’s defenses and counterclaims. In addition, the Receiver’s staff continue to work diligently reviewing and analyzing contracts, legal documents and emails produced by DLA Piper, Marcum, Skadden Arps and Loeb & Loeb for purposes of evaluating the complex financial transactions entered into by Link Motion, Inc. with various related and unrelated entities. This evaluation helps inform the Hong Kong arbitration and ongoing Chinese legal proceedings. The Receivership has been

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extensively engaged in litigating in the Hong Kong arbitration proceedings and has filed counter-claims against the Claimant. *Since my last report, The Receivership has concluded a trial (conducted virtually) before the HKIAC, Hong Kong International Arbitration Center. The Receivership is now fully engaged in preparing extensive briefing and submissions to the HK arbitration panel before a decision is to be rendered.*

4. The Receiver, upon advice of counsel, continues its work to identify, secure and preserve assets of Link Motion, Inc., including sending formal letters and calls to commercial partners in the United States ensuring that they are aware of the Receivership orders in the U.S. and Hong Kong.
5. The Receiver continues to seek cooperation from former Officers and Directors of Link Motion, Inc. and former counsel to Link Motion and the Special Committee and follows up on demands for information as well as formal letters requesting information and compliance with the Courts Order.
6. The Receiver and his team continue to analyze documents and communication records produced by third party service providers in the US that had previously been engaged by the Company. In addition, the Receiver and his team have received large volumes of discovery in the Hong Kong arbitration proceedings and are actively reviewing and analyzing these documents and emails. In this regard, my office has engaged an outside third party vendor for the purpose of litigation e-discovery and search technology.
7. The Receiver in concert with the Hong Kong co-Receiver and their legal counsel had previously taken formal control of Link Motion, Inc.'s Hong Kong subsidiary and this has been formally recognized by the company registry offices in Hong Kong. The Receiver through his PRC agents has taken the proper steps to gain formal control of the wholly foreign-owned enterprise (WFOE) in the People's Republic of China. The Receiver's PRC agent is actively pursuing efforts to secure the bank account of the WFOE from China Merchants Bank. In this regard, the Receiver used the passage of corporate resolutions and has appointed Mr. Lilin Guo to act as Chairman and legal representative of Link Motion, Inc. inside the PRC. Mr. Guo has successfully negotiated with other significant Link Motion, Inc. shareholders inside the PRC to assist in the process of gaining control of the VIE (Variable Interest Entity) contracts that ultimately maintain control over the Link Motion, Inc. PRC subsidiaries. These activities are ongoing and include legal proceedings inside China. The Receiver has also continued to work with Mr. Jianfeng Li who has provided invaluable English-Chinese and Chinese-English translation and advisory services inside China. The Receiver has engaged Mr. Henry Liu to assist with issues in China and the U.S., especially to advise and consult on legal issues and matters as they relate to ongoing litigation in China. Mr. Liu is the former head of the China SEC. In addition, Mr. Liu is consulting Mr. Lilin Guo inside China on the various legal issues as they relate to U.S. and Chinese law and regulations. Mr. Liu's expertise is in international dispute resolution, global

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asset recovery, cross-border securities fraud and FCPA and money-laundering issues. Mr. Liu is a renowned senior U.S. and international practicing lawyer as well as an experienced strategic and business advisor. He has had a distinguished career spanning 25 years with extensive experience in China's financial, securities and regulatory framework and rules.

8. The Receiver has interviewed management from Link Motion, Inc.'s Finland operation in regards to possibilities for monetizing the Company's intellectual property assets controlled there. The Receiver and his counsel has had multiple conversations and correspondence with Finland management in this regard.

Receivership Account and Invoices

Section 5 of your Honor's Order provides for a bank account "to fund the Receivership including the compensation and expenses of the Receiver, which are subject to the approval of the Court." The Court ordered that Link Motion, Inc. "cooperate with the Receiver in establishing and funding the Receivership Account" with a minimum balance of \$100,000. Link Motion, Inc. has continually not complied with this order and no funds have been provided.

Section 6 of the Order states, "The Receiver and his professionals shall be paid on an hourly basis at a reasonable and customary rate for such work to be approved by the Court and paid promptly out of the Receivership Estate . . . Payment of the Receiver's compensation and expenses shall have priority over all other obligations, payments, or distributions of the Company." The Receiver respectfully requests that the attached invoices be reviewed by your honor, and subject to your approval, permit the Receiver to pay invoices to professionals and the Receiver who have been working tirelessly on this matter since February 1, 2019. The Receiver has carefully reviewed each invoice and believes they are fair and reasonable under the circumstances. The Receiver respectfully requests this Court's approval to pay the invoices upon approval of the Court from the Link Motion, Inc. funds that have been received in the Receiver escrow trust account.

Please do not hesitate to contact me via email or telephone if your honor wishes to discuss this request in more detail.

Respectfully submitted,

Robert W. Seiden, Esq.
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